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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)
)
The Accounting and Ratemaking) CC Docket No. 93-50
Treatment for the Allowance for)
Funds Used During Construction)
(AFUDC))

REPLY COMMENTS OF AMERITECH

Ameritech¹ submits these reply comments in response to the Commission's notice of proposed rulemaking in the above docket,² focusing on issues raised by MCI in its initial comments.

MCI asks not only for a return to the status quo for long-term plant under construction (*i.e.*, the capitalization method with AFUDC capitalized at the prime rate), but also for the imposition of the capitalization method for short-term plant under construction as well. MCI's primary arguments appear to be that including any plant under construction in the rate base -- even if AFUDC is capitalized and removed from the revenue requirement -- will require current ratepayers to pay for projects which benefit only future ratepayers and is "contrary to the Commission's goal of ensuring 'low cost' communication service." Both arguments are faulty.

First of all, as MCI points out, the assumption at the time the Commission changed from the revenue requirement offset method to the capitalized method

¹ In this filing, Ameritech means: Illinois Bell Telephone Company, Indiana Bell Telephone, Incorporated, Michigan Bell Telephone Company, The Ohio Bell Telephone Company, and Wisconsin Bell, Inc.

² In the Matter of The Accounting and Ratemaking Treatment for the Allowance for Funds Used During Construction (AFUDC), CC Docket No. 93-50, Notice of Proposed Rulemaking, FCC 93-126 (released March 22, 1993) ("NPRM").

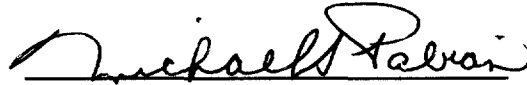
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in Docket No. 19129 is that long-term construction projects typically took five

In short, as Ameritech pointed out in its comments, the Commission's proposal achieves a result that is fair to investors, consistent with GAAP and, as noted in Ameritech's original petition, produces lower costs for ratepayers in the long run.

Respectfully submitted,

A handwritten signature in cursive script, reading "Michael S. Pabian". The signature is written in dark ink and is positioned above the printed name and address.

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Dated: May 28, 1993

CERTIFICATE OF SERVICE

I, Linda Gehard, do hereby certify that copies of the foregoing pleading has been served to all parties on the attached service list by first class mail, postage prepaid, on this ~~14th~~^{28th} day of May, 1993.

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